

1 (d) "Bond" means any instrument evidencing the
2 obligation to pay money authorized or issued by or on behalf
3 of a governmental unit under applicable law, including
4 without limitation, bonds, notes, installment or financing
5 contracts, leases, certificates, tax anticipation warrants or
6 notes, vouchers, and any other evidences of indebtedness.

7 (e) "Debt service" on bonds means the amount of
8 principal, interest and premium, if any, when due either at
9 stated maturity or upon mandatory redemption.

10 (f) "Enterprise revenues" means the revenues of a
11 utility or revenue producing enterprise from which revenue
12 bonds may be payable.

13 (g) "General obligation bonds" means bonds of a
14 governmental unit for the payment of which the governmental
15 unit is empowered to levy ad valorem property taxes upon all
16 taxable property in a governmental unit without limitation as
17 to rate or amount.

18 (h) "Governing body" means the legislative body,
19 council, board, commission, trustees, or any other body, by
20 whatever name it is known, having charge of the corporate
21 affairs of a governmental unit.

22 (h-5) "Governmental revenue source" means a revenue
23 source that is either (1) federal or State funds that the
24 governmental unit has received in some amount during each of
25 the 3 fiscal years preceding the issuance of alternate bonds
26 or (2) revenues to be received from another governmental unit
27 under an intergovernmental cooperation agreement.

28 (i) "Governmental unit" means a county, township,
29 municipality, municipal corporation, unit of local
30 government, school district, special district, public
31 corporation, body corporate and politic, forest preserve
32 district, fire protection district, conservation district,
33 park district, sanitary district, and all other local
34 governmental agencies, including any entity created by

1 intergovernmental agreement among any of the foregoing
2 governmental units, but does not include any office, officer,
3 department, division, bureau, board, commission, university,
4 or similar agency of the State.

5 (j) "Ordinance" means an ordinance duly adopted by a
6 governing body or, if appropriate under applicable law, a
7 resolution so adopted.

8 (k) "Revenue bonds" means any bonds of a governmental
9 unit other than general obligation bonds, but "revenue bonds"
10 does include any debt authorized under Section 11-29.3-1 of
11 the Illinois Municipal Code.

12 (l) "Revenue source" means a source of funds, other than
13 enterprise revenues, received or available to be received by
14 a governmental unit and available for any one or more of its
15 corporate purposes.

16 (m) "Limited bonds" means bonds, excluding leases,
17 notes, installment or financing contracts, certificates, tax
18 anticipation warrants or notes, vouchers, and any other
19 evidences of indebtedness, issued under Section 15.01 of this
20 Act.

21 (Source: P.A. 89-385, eff. 8-18-95; 89-658, eff. 1-1-97.)

22 (30 ILCS 350/9) (from Ch. 17, par. 6909)

23 Sec. 9. Provisions for interest. (a) The proceeds of
24 bonds may be used to provide for the payment of interest upon
25 such bonds for a period not to exceed the greater of 2 years
26 or a period ending 6 months after the estimated date of
27 completion of the acquisition and construction of the project
28 or accomplishment of the purpose for which such bonds are
29 issued.

30 (b) In addition it shall be lawful for the governing
31 body of any governmental unit issuing bonds to appropriate
32 money for the purpose of paying interest on such bonds during
33 the period stated in subsection (a) of this Section. Such

1 appropriation may be made in the ordinance authorizing such
2 bonds and shall be fully effective upon the effective date of
3 such ordinance without any further notice, publication or
4 approval whatsoever.

5 (c) The governing body of any governmental unit may
6 authorize the transfer of interest earned on any of the
7 moneys of the governmental unit, including moneys set aside
8 to pay debt service, into the fund of the governmental unit
9 that is most in need of the interest. This subsection does
10 not apply to any interest earned that has been earmarked or
11 restricted by the governing body for a designated purpose.
12 This subsection does not apply to any interest earned on any
13 funds for the purpose of municipal retirement under the
14 Illinois Pension Code and tort immunity under the Local
15 Governmental and Governmental Employees Tort Immunity Act.
16 Interest earned on those funds may be used only for the
17 purposes authorized for the respective funds from which the
18 interest earnings were derived.

19 (Source: P.A. 85-1419.)

20 (30 ILCS 350/15) (from Ch. 17, par. 6915)

21 Sec. 15. Double-barrelled bonds. Whenever revenue bonds
22 have been authorized to be issued pursuant to applicable law
23 or whenever there exists for a governmental unit a revenue
24 source, the procedures set forth in this Section may be used
25 by a governing body. General obligation bonds may be issued
26 in lieu of such revenue bonds as authorized, and general
27 obligation bonds may be issued payable from any revenue
28 source. Such general obligation bonds may be referred to as
29 "alternate bonds". Alternate bonds may be issued without any
30 referendum or backdoor referendum except as provided in this
31 Section, upon the terms provided in Section 10 of this Act
32 without reference to other provisions of law, but only upon
33 the conditions provided in this Section. Alternate bonds

1 shall not be regarded as or included in any computation of
2 indebtedness for the purpose of any statutory provision or
3 limitation except as expressly provided in this Section.

4 Such conditions are:

5 (a) Alternate bonds shall be issued for a lawful
6 corporate purpose. If issued in lieu of revenue bonds,
7 alternate bonds shall be issued for the purposes for which
8 such revenue bonds shall have been authorized. If issued
9 payable from a revenue source in the manner hereinafter
10 provided, which revenue source is limited in its purposes or
11 applications, then the alternate bonds shall be issued only
12 for such limited purposes or applications. Alternate bonds
13 may be issued payable from either enterprise revenues or
14 revenue sources, or both.

15 (b) Alternate bonds shall be subject to backdoor
16 referendum. The provisions of Section 5 of this Act shall
17 apply to such backdoor referendum, together with the
18 provisions hereof. The authorizing ordinance shall be
19 published in a newspaper of general circulation in the
20 governmental unit. Along with or as part of the authorizing
21 ordinance, there shall be published a notice of (1) the
22 specific number of voters required to sign a petition
23 requesting that the issuance of the alternate bonds be
24 submitted to referendum, (2) the time when such petition must
25 be filed, (3) the date of the prospective referendum, and
26 (4), with respect to authorizing ordinances adopted on or
27 after January 1, 1991, a statement that identifies any
28 revenue source that will be used to pay debt service the
29 ~~principal--of-and-interest~~ on the alternate bonds. The clerk
30 or secretary of the governmental unit shall make a petition
31 form available to anyone requesting one. If no petition is
32 filed with the clerk or secretary within 30 days of
33 publication of the authorizing ordinance and notice, the
34 alternate bonds shall be authorized to be issued. But if

1 within this 30 days period, a petition is filed with such
2 clerk or secretary signed by electors numbering the greater
3 of (i) 7.5% of the registered voters in the governmental unit
4 or (ii) 200 of those registered voters or 15% of those
5 registered voters, whichever is less, asking that the
6 issuance of such alternate bonds be submitted to referendum,
7 the clerk or secretary shall certify such question for
8 submission at an election held in accordance with the general
9 election law. The question on the ballot shall include a
10 statement of any revenue source that will be used to pay debt
11 service ~~the-principal-of-and-interest~~ on the alternate bonds.
12 The alternate bonds shall be authorized to be issued if a
13 majority of the votes cast on the question at such election
14 are in favor thereof provided that notice of the bond
15 referendum, if held before July 1, 1999, has been given in
16 accordance with the provisions of Section 12-5 of the
17 Election Code in effect at the time of the bond referendum,
18 at least 10 and not more than 45 days before the date of the
19 election, notwithstanding the time for publication otherwise
20 imposed by Section 12-5. Notices required in connection with
21 the submission of public questions on or after July 1, 1999
22 shall be as set forth in Section 12-5 of the Election Code.
23 Backdoor referendum proceedings for bonds and alternate bonds
24 to be issued in lieu of such bonds may be conducted at the
25 same time.

26 (c) To the extent payable from enterprise revenues, such
27 revenues shall have been determined by the governing body to
28 be sufficient to provide for or pay in each year to final
29 maturity of such alternate bonds all of the following: (1)
30 costs of operation and maintenance of the utility or
31 enterprise, but not including depreciation, (2) debt service
32 on all outstanding revenue bonds payable from such enterprise
33 revenues, (3) all amounts required to meet any fund or
34 account requirements with respect to such outstanding revenue

1 bonds, (4) other contractual or tort liability obligations,
2 if any, payable from such enterprise revenues, and (5) in
3 each year, an amount not less than 1.25 times debt service of
4 all (i) alternate bonds payable from such enterprise revenues
5 previously issued and outstanding and (ii) alternate bonds
6 proposed to be issued. To the extent payable from one or more
7 revenue sources, such sources shall have been determined by
8 the governing body to provide in each year, an amount not
9 less than 1.25 times debt service of all alternate bonds
10 payable from such revenue sources previously issued and
11 outstanding and alternate bonds proposed to be issued. The
12 1.25 figure in the preceding sentence shall be reduced to
13 1.10 if the revenue source is a governmental revenue source.
14 The conditions enumerated in this subsection (c) need not be
15 met for that amount of debt service provided for by the
16 setting aside of proceeds of bonds or other moneys at the
17 time of the delivery of such bonds.

18 (c-1) In the case of alternate bonds issued as variable
19 rate bonds (including refunding bonds), debt service shall be
20 projected based on the rate for the most recent date shown in
21 the 20 G.O. Bond Index of average municipal bond yields as
22 published in the most recent edition of The Bond Buyer
23 published in New York, New York (or any successor publication
24 or index, or if such publication or index is no longer
25 published, then any index of long-term municipal tax-exempt
26 bond yields selected by the governmental unit), as of the
27 date of determination referred to in subsection (c) of this
28 Section. Any interest or fees that may be payable to the
29 provider of a letter of credit, line of credit, surety bond,
30 bond insurance, or other credit enhancement relating to such
31 alternate bonds and any fees that may be payable to any
32 remarketing agent need not be taken into account for purposes
33 of such projection. If the governmental unit enters into an
34 agreement in connection with such alternate bonds at the time

1 of issuance thereof pursuant to which the governmental unit
2 agrees for a specified period of time to pay an amount
3 calculated at an agreed-upon rate or index based on a
4 notional amount and the other party agrees to pay the
5 governmental unit an amount calculated at an agreed-upon rate
6 or index based on such notional amount, interest shall be
7 projected for such specified period of time on the basis of
8 the agreed-upon rate payable by the governmental unit.

9 (d) The determination of the sufficiency of enterprise
10 revenues or a revenue source, as applicable, shall be
11 supported by reference to the most recent audit of the
12 governmental unit, which shall be for a fiscal year ending
13 not earlier than 18 months previous to the time of issuance
14 of the alternate bonds. If such audit does not adequately
15 show such enterprise revenues or revenue source, as
16 applicable, or if such enterprise revenues or revenue source,
17 as applicable, are shown to be insufficient, then the
18 determination of sufficiency shall be supported by the report
19 of an independent accountant or feasibility analyst, the
20 latter having a national reputation for expertise in such
21 matters, demonstrating the sufficiency of such revenues and
22 explaining, if appropriate, by what means the revenues will
23 be greater than as shown in the audit. Whenever such
24 sufficiency is demonstrated by reference to a schedule of
25 higher rates or charges for enterprise revenues or a higher
26 tax imposition for a revenue source, such higher rates,
27 charges or taxes shall have been properly imposed by an
28 ordinance adopted prior to the time of delivery of alternate
29 bonds. The reference to and acceptance of an audit or
30 report, as the case may be, and the determination of the
31 governing body as to sufficiency of enterprise revenues or a
32 revenue source shall be conclusive evidence that the
33 conditions of this Section have been met and that the
34 alternate bonds are valid.

1 (e) The enterprise revenues or revenue source, as
2 applicable, shall be in fact pledged to the payment of the
3 alternate bonds; and the governing body shall covenant, to
4 the extent it is empowered to do so, to provide for, collect
5 and apply such enterprise revenues or revenue source, as
6 applicable, to the payment of the alternate bonds and the
7 provision of not less than an additional .25 (or .10 for
8 governmental revenue sources) times debt service. The pledge
9 and establishment of rates or charges for enterprise
10 revenues, or the imposition of taxes in a given rate or
11 amount, as provided in this Section for alternate bonds,
12 shall constitute a continuing obligation of the governmental
13 unit with respect to such establishment or imposition and a
14 continuing appropriation of the amounts received. All
15 covenants relating to alternate bonds and the conditions and
16 obligations imposed by this Section are enforceable by any
17 bondholder of alternate bonds affected, any taxpayer of the
18 governmental unit, and the People of the State of Illinois
19 acting through the Attorney General or any designee, and in
20 the event that any such action results in an order finding
21 that the governmental unit has not properly set rates or
22 charges or imposed taxes to the extent it is empowered to do
23 so or collected and applied enterprise revenues or any
24 revenue source, as applicable, as required by this Act, the
25 plaintiff in any such action shall be awarded reasonable
26 attorney's fees. The intent is that such enterprise revenues
27 or revenue source, as applicable, shall be sufficient and
28 shall be applied to the payment of debt service on such
29 alternate bonds so that taxes need not be levied, or if
30 levied need not be extended, for such payment. Nothing in
31 this Section shall inhibit or restrict the authority of a
32 governing body to determine the lien priority of any bonds,
33 including alternate bonds, which may be issued with respect
34 to any enterprise revenues or revenue source.

1 In the event that alternate bonds shall have been issued
2 and taxes, other than a designated revenue source, shall have
3 been extended pursuant to the general obligation, full faith
4 and credit promise supporting such alternate bonds, then the
5 amount of such alternate bonds then outstanding shall be
6 included in the computation of indebtedness of the
7 governmental unit for purposes of all statutory provisions or
8 limitations until such time as an audit of the governmental
9 unit shall show that the alternate bonds have been paid from
10 the enterprise revenues or revenue source, as applicable,
11 pledged thereto for a complete fiscal year.

12 Alternate bonds may be issued to refund or advance refund
13 alternate bonds without meeting any of the conditions set
14 forth in this Section, except that the term of the refunding
15 bonds shall not be longer than the term of the refunded bonds
16 and that the debt service payable in any year on the
17 refunding bonds shall not exceed the debt service payable in
18 such year on the refunded bonds.

19 Once issued, alternate bonds shall be and forever remain
20 until paid or defeased the general obligation of the
21 governmental unit, for the payment of which its full faith
22 and credit are pledged, and shall be payable from the levy of
23 taxes as is provided in this Act for general obligation
24 bonds.

25 The changes made by this amendatory Act of 1990 do not
26 affect the validity of bonds authorized before September 1,
27 1990.

28 (Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99;
29 91-493, eff. 8-13-99; 91-868, eff. 6-22-00.)

30 (30 ILCS 350/16.5)

31 Sec. 16.5. Proposition for bonds. For all elections
32 held after July 1, 2000, the form of a proposition to
33 authorize the issuance of bonds pursuant to either a

1 referendum or backdoor referendum may be as set forth in this
2 Section as an alternative to the form of proposition as
3 otherwise set forth by applicable law. The proposition
4 authorized by this Section shall be in substantially the
5 following form:

6 Shall (name of governmental unit) (state purpose for
7 the bond issue) and issue its bonds to the amount of \$
8 (state amount) for the purpose of paying the costs
9 thereof?

10 If a school district expects to receive a school
11 construction grant from the State of Illinois ~~has received a~~
12 ~~grant entitlement from the Illinois State Board of Education~~
13 pursuant to the School Construction Law for a school
14 construction project to be financed in part with proceeds of
15 a bond authorized by referendum, then the form of proposition
16 may at the option of the school district additionally contain
17 substantially the following language:

18 (Name of school district) expects to receive a
19 school construction grant from the State of Illinois has
20 ~~received a grant entitlement~~ in the amount of \$ (state
21 amount) ~~from the Illinois State Board of Education~~
22 pursuant to the School Construction Law for the school
23 construction project to be financed in part with proceeds
24 of the bonds, based on (i) a grant entitlement from the
25 State Board of Education and (ii) current recognized
26 project costs determined by the Capital Development
27 Board.

28 (Source: P.A. 91-868, eff. 6-22-00.)

29 (30 ILCS 350/17) (from Ch. 17, par. 6917)

30 Sec. 17. Leases and installment contracts.

31 (a) Interest not debt; debt on leases and installment
32 contracts. Interest on bonds shall not be included in any
33 computation of indebtedness of a governmental unit for the

1 purpose of any statutory provision or limitation. For bonds
2 consisting of leases and installment or financing contracts,
3 (1) that portion of payments made by a governmental unit
4 under the terms of a bond designated as interest in the bond
5 or the ordinance authorizing such bond shall be treated as
6 interest for purposes of this Section (2) where portions of
7 payments due under the terms of a bond have not been
8 designated as interest in the bond or the ordinance
9 authorizing such bond, and all or a portion of such payments
10 is to be used for the payment of principal of and interest on
11 other bonds of the governmental unit or bonds issued by
12 another unit of local government, such as a public building
13 commission, the payments equal to interest due on such
14 corresponding bonds shall be treated as interest for purposes
15 of this Section and (3) where portions of payments due under
16 the terms of a bond have not been designated as interest in
17 the bond or ordinance authorizing such bond and no portion of
18 any such payment is to be used for the payment of principal
19 of and interest on other bonds of the governmental unit or
20 another unit of local government, a portion of each payment
21 due under the terms of such bond shall be treated as interest
22 for purposes of this Section; such portion shall be equal in
23 amount to the interest that would have been paid on a
24 notional obligation of the governmental unit (bearing
25 interest at the highest rate permitted by law for bonds of
26 the governmental unit at the time the bond was issued or, if
27 no such limit existed, 12%) on which the payments of
28 principal and interest were due at the same times and in the
29 same amounts as payments are due under the terms of the
30 bonds. The rule set forth in this Section shall be
31 applicable to all interest no matter when earned or accrued
32 or at what interval paid, and whether or not a bond bears
33 interest which compounds at certain intervals. For purposes
34 of bonds sold at amounts less than 95% of their stated value

1 at maturity, interest for purposes of this Section includes
2 the difference between the amount set forth on the face of
3 the bond as the original principal amount and the bond's
4 stated value at maturity.

5 This subsection may be made applicable to bonds issued
6 prior to the effective date of this Act by passage of an
7 ordinance to such effect by the governing body of a
8 governmental unit.

9 (b) Purchase or lease of property. The governing body
10 of each governmental unit may purchase or lease either real
11 or personal property, including investments, investment
12 agreements, or investment services, through agreements that
13 provide that the consideration for the purchase or lease may
14 be paid through installments made at stated intervals for a
15 period of no more than 20 years or another period of time
16 authorized by law, whichever is greater; provided, however,
17 that investments, investment agreements, or investment
18 services purchased in connection with a bond issue may be
19 paid through installments made at stated intervals for a
20 period of time not in excess of the maximum term of such bond
21 issue. Each governmental unit may issue certificates
22 evidencing the indebtedness incurred under the lease or
23 agreement. The governing body may provide for the treasurer,
24 comptroller, finance officer, or other officer of the
25 governing body charged with financial administration to act
26 as counter-party to any such lease or agreement, as nominee
27 lessor or seller. When the lease or agreement is executed by
28 the officer of the governmental unit authorized by the
29 governing body to bind the governmental unit thereon by the
30 execution thereof and is filed with and executed by the
31 nominee lessor or seller, the lease or agreement shall be
32 sufficiently executed so as to permit the governmental unit
33 to issue certificates evidencing the indebtedness incurred
34 under the lease or agreement. The certificates shall be

1 valid whether or not an appropriation with respect thereto is
2 included in any annual or supplemental budget adopted by the
3 governmental unit. From time to time, as the governing body
4 executes contracts for the purpose of acquiring and
5 constructing the services or real or personal property that
6 is a part of the subject of the lease or agreement, including
7 financial, legal, architectural, and engineering services
8 related to the lease or agreement, the governing body shall
9 order the contracts filed with its nominee officer, and that
10 officer shall identify the contracts to the lease or
11 agreement; that identification shall permit the payment of
12 the contract from the proceeds of the certificates; and the
13 nominee officer shall duly apply or cause to be applied
14 proceeds of the certificates to the payment of the contracts.
15 The governing body of each governmental unit may sell, lease,
16 convey, and reacquire either real or personal property, or
17 any interest in real or personal property, upon any terms and
18 conditions and in any manner, as the governing body shall
19 determine, if the governmental unit will lease, acquire by
20 purchase agreement, or otherwise reacquire the property, as
21 authorized by this subsection or any other applicable law.

22 All indebtedness incurred under this subsection, when
23 aggregated with the existing indebtedness of the governmental
24 unit, may not exceed the debt limits provided by applicable
25 law.

26 (Source: P.A. 91-493, eff. 8-13-99; 91-868, eff. 6-22-00.)

27 Section 99. Effective date. This Act takes effect upon
28 becoming law."